
Estimating Consumer Surplus in eBay Computer Monitor Auctions

by

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Strengths

- Important and understudied topic
 - Precious little is known about the quantifiable consumer welfare levels
 - Ever heard of a *Consumer Surplus Index*?
- Models the “zero bid” case
 - eBay does not disclose % of auctions with no bids
 - Seller’s lament
 - Important to understand the drivers of the “critical entry”
- Data is rich, homogenous and extensive
- Estimation procedure applied to a variety of distributions
- Consumer capture at least 26% of total surplus
- Holds promise, need to see more...

Suggestions

■ Entry

- Consider Non-Homogenous Poisson
 - Shmueli, Russo, and Jank's BARISTA process

■ Seller ratings

- Negative and not significant is troubling
- Break it up by (sign X role)
 - E.g. positive ratings obtained as buyer , or
 - Neutral ratings obtained as a seller

■ Include following in estimations' RHS

- Opening bid
- Shipping variables – {Disclosed (0/1), Cost}

■ Check sample generalizability


Unfortunate or Fortunate It's in the eye of the beholder

eBay - Women's Clothing, Cards, DVD items on eBay.com - Mozilla Firefox

File Edit View Go Bookmarks Tools Help

http://listings.ebay.com/

Firefox Help Firefox Support Plug-in FAQ my del.icio.us post to del.icio.us

All Categories 

☐ Search titles & descriptions

Browse Categories

Category: All Categories Format: All Items Listings: All Active Location: Available on: eBay.com

☒ Show number of items in category ☐ Show category numbers

Antiques (212762)
[Antiquities \(Classical, Amer.\)](#) (8012)
[Architectural & Garden](#) (12029)
[Asian Antiques](#) (34641)
[Books, Manuscripts](#) (3378)
[Decorative Arts](#) (38744)
[Ethnographic](#) (3699)
[Furniture](#) (14592)
[Maps, Atlases, Globes](#) (9803)
[Maritime](#) (3632)
[Musical Instruments](#) (850)
[Primitives](#) (13047)
[Rugs, Carpets](#) (14269)
[Science & Medicine](#) (1815)
[Silver](#) (31954)
[Textiles, Linens](#) (13349)
[Other Antiques](#) (8948)
[See all Antiques categories...](#)

Art (211181)
[Digital Art](#) (993)
[Drawings](#) (3760)
[Folk Art](#) (5771)
[Mixed Media](#) (1855)
[Paintings](#) (43867)
[Photographic Images](#) (10327)
[Posters](#) (26651)
[Prints](#) (91163)
[Sculpture, Carvings](#) (10485)
[Self-Representing Artists](#) (11423)
[Other Art](#) (3967)
[Wholesale Lots](#) (919)
[See all Art categories...](#)

Baby (62378)
[Baby Gear](#) (3591)
[Baby Safety & Health](#) (2552)
[Bathing & Grooming](#) (1455)
[Car Safety Seats](#) (1849)

Computers & Networking (426697)
[Apple, Macintosh Computers](#) (10199)
[Desktop PC Components](#) (59532)
[Desktop PCs](#) (7476)
[Drives, Controllers & Storage](#) (30980)
[Input Devices](#) (16316)
[Laptop Parts & Accessories](#) (64737)
[Laptops, Notebooks](#) (19348)
[Monitors & Projectors](#) (6681)
[Networking](#) (60604)
[Printers](#) (13588)
[Printer Supplies & Accessories](#) (54855)
[Scanners](#) (1868)
[Software](#) (65571)
[Technology Books](#) (6189)
[Vintage Computing Products](#) (2819)
[Other Hardware & Services](#) (5934)
[See all Computers & Networking categories...](#)

Consumer Electronics (316467)
[Car Electronics](#) (42299)
[DVD Players & Recorders](#) (6900)
[Digital Video Recorders, PVR](#) (678)
[Gadgets & Other Electronics](#) (25065)
[GPS Devices](#) (6118)
[Home Audio](#) (36952)
[Home Theater in a Box](#) (1431)
[Home Theater Projectors](#) (2935)
[MP3 Players & Accessories](#) (65129)
[PDAs/Handheld PCs](#) (41449)
[Portable Audio](#) (15183)
[Radios: CB, Ham & Shortwave](#) (17716)
[Satellite Radio](#) (2333)
[Satellite, Cable TV](#) (9802)
[Telephones & Pagers](#) (13396)
[Televisions](#) (14605)
[VCRs](#) (996)
[Vintage Electronics](#) (11544)
[Wholesale Lots](#) (1936)

Music (504723)
[Accessories](#) (4660)
[Cassettes](#) (10424)
[CDs](#) (313447)
[Digital Music Downloads](#) (368)
[DVD Audio](#) (958)
[Records](#) (167072)
[Super Audio CDs](#) (389)
[Other Formats](#) (6524)
[Wholesale Lots](#) (1881)
[See all Music categories...](#)

Musical Instruments (160383)
[Brass](#) (4292)
[DJ Gear & Lighting](#) (6993)
[Electronic](#) (3044)
[Equipment](#) (2119)
[Guitar](#) (55766)
[Harmonica](#) (1278)
[Instruction Books, CDs, Videos](#) (7111)
[Keyboard, Piano](#) (7759)
[Percussion](#) (11588)
[Pro Audio](#) (21835)
[Sheet Music, Song Books](#) (16779)
[String](#) (11244)
[Woodwind](#) (8871)
[Wholesale Lots](#) (481)
[Other Instruments](#) (1223)
[See all Musical Instruments categories...](#)

Pottery & Glass (331498)
[Glass](#) (120176)
[Pottery & China](#) (211322)
[See all Pottery & Glass categories...](#)

Real Estate (4756)
[Commercial](#) (451)
[Land](#) (1495)
[Manufactured Homes](#) (76)

Done

Rely on Revealed Preference

- Bapna, Jank, Shmueli (2005) deploy a web based sniping agent to capture the highest willingness to pay
- Observe real bidders, voting with real dollars...
- For winner's
 - $\text{surplus} = \text{highest bid} - \text{price}$
- Data
 - All categories
 - Three major currencies (USD, GBP, EURO)
 - Tested for generalizability against a random sample of eBay auctions
- Median surplus per auction \rightarrow \$3.61
- Consumer capture at least 18.3% of total surplus